

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 CAB-02 CIAE-00 COME-00
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FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 9031

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E.O. 11652: N/A
TAGS: EAIR, BEXP, ID
SUBJECT: POTENTIAL SALE OF LOCKHEED L-100'S

REF: STATE 12067 AND PREVIOUS

1. SUMMARY: LOCKHEED'S HALF-HEARTED EFFORTS HAVE BEEN CAST ASIDE IN FAVOR OF A STRONG PUSH ON BEHALF OF ITS L-100 THAT HAS MARKEDLY IMPROVED THE CHANCES IT WILL MAKE THE SALE.

2. LOCKHEED REPS R.E. HARRISON AND ROBERT A. MOSS HAVE SPENT THE LAST TEN DAYS IN JAKARTA IN AN INTENSIVE EFFORT TO CONVICTE THE GOI THAT THE L-100 IS THE RIGHT PLANE FOR ITS TRANS-MIGRATION PROGRAM. HARRISON, STATES, AND A GOI OFFICIAL HAS CONFIRMED TO US, THAT GOI TECHNICAL EXPERTS ARE CONVINCED THAT THE LOCKHEED PLANE IS BIGGER, FASTER AND CHEAPER THAN ITS SOLE COMPETITOR, THE FRENCH-MADE TRANSALL, AND THAT IT THEREFORE OBVIOUSLY IS ALSO CHEAPER ON A SSEAT MILE BASIS.

3. THE ONLY FACTOR WORKING AGAINST LOCKHEED IS THAT CERTAIN SMALL AIRSTRIPS (ABOUT TEN ACCORDING TO GOI) WILL REQUIRE REINFORCING BEFORE THEY CAN BE USED BY THE L-100. THE TRANSALL WOULD NOT REQUIRE SUCH STRENGTHENING OF STRIPS. THE COST AND LENGTH OF TIME REQUIRED FOR THE REINFORCE-

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MENT ARE BEING CALCULATED NOW. ONE GOI OFFICIAL STATES THAT THE QUESTION IS WHETHER TO BUY A HIGHER PRICED AIR-CRAFT FOR IMMEDIATE USE OR A CHEAPER ONE WHICH WILL REQUIRE FURTHER INVESTMENT. THE DECISION WILL BE MADE BY GOI POLICY MAKERS, VERY POSSIBLY INCLUDING PRESIDENT SUHARTO.

4. THE GOI'S INSISTENCE THAT A DEMONSTRATION PLANE BE

BROUGHT HERE INITIALLY CAUSED HARRISON SOME LOSS OF SLEEP BUT HE TOLD EMBOFF BEFORE DEPARTING THAT HE WAS ALMOST CERTAIN AN L-100-20 FROM THE PHILIPPINE AEROSPACE DEVELOPMENT CORP COULD BE LEASED FOR THE MONTH OF JULY. HARRISON ALSO WAS INFORMED BY PHONE THAT A FINANCIAL PACKAGE OFFERING \$225 MILLION OVER TEN YEARS AT "LESS THAN CURRENT RATES" HAD BEEN PUT TOGETHER IN LONDON. THE PROPOSAL WILL NOT INVOLVE EXIM, WHICH HARRISON SAID HAD BEEN WILLING TO FINANCE ONLY 50 PERCENT OF THE DEAL, WITH 35 PERCENT FROM OTHER SOURCES AND 15 PERCENT DOWN. THE GOI REACTION TO THE PROPOSED FINANCIAL PACKAGE IS NOT YET KNOWN.

5. HARRISON SAID LOCKHEED VICE PRESIDENT FOR MARKETING DAVY CROCKETT WOULD BE IN JAKARTA AROUND JUNE 15 AND THAT LOCKHEED ASIA PRESIDENT JACK DAVIDSON MIGHT ACCOMPANY HIM.

6. FYI - GOI OFFICIALS TERMED HIS GOVERNMENT'S NEED FOR TRANSMIGRATION AIRCRAFT "URGENT", WHICH HE DEFINED TO MEAN AS SOON AS POSSIBLE. HE SAID THAT FOR THIS REASON THE LOCKHEED L-400, WHICH IS NOT YET IN PRODUCTION, HAS BEEN DROPPED FROM CONSIDERATION. THE TRANSALL ALSO IS NOT IN PRODUCTION AT THIS TIME AND HARRISON BELIEVES IT WILL NOT BE UNTIL 1981. HOWEVER, HE BELIEVES GOF WHICH HAS A FLEET OF TRANSALLS FROM AN EARLIER PRODUCTION RUN WOULD MAKE AVAILABLE SOME OF ITS PLANES FOR THE GOI IF THE LIMITED OFFICIAL USE

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TRANSALL WERE SELECTED.
END FYI.

7. COMMENT: LOCKHEED'S CURRENT EFFORTS ARE A GOOD EXAMPLE OF BETTER LATE THAN NEVER. WE HESITATE TO SAY LOCKHEED IS NOW IN THE DRIVER'S SEAT, BUT THINGS CERTAINLY ARE LOOKING UP FOR THE COMPANY.
MASTERS

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